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SUBJECT: WASSENAAR ARRANGEMENT: GENERAL WORKING GROUP  
REPORT, OCTOBER 13-15

REF: UNVIE 308 - MAY 25-27 GENERAL WORKING GROUP REPORT

Classified By: Counselor Eric Sandberg, Reason 1.4 (d).

11. (C) Summary: The October 13-15 General Working Group (GWG) meeting was notable for a lack of progress as a result of Russian intransigence. Russia continued to press its issues, primarily re-export control including language on destabilizing accumulations of conventional arms and its desire to have a list of candidates for Head of Secretariat by the Plenary. It appears that the GWG will not have any proposals for adoption by the Plenary this year, though two proposals are still being worked intersessionally. The GWG has not made a formal recommendation to extend for one year the current Head of Secretariat as Russia blocked the recommendation. End Summary

#### Opening Remarks

12. (C) The October GWG began with Russia requesting the floor to make opening remarks. The Russian delegation complained that Wassenaar is not functioning well, citing (again) the events in Georgia in 2008 as an example of how the Wassenaar Arrangement did not prevent a destabilizing accumulation of conventional arms ) despite being warned several times by Russia. Participating States were, and continue to be, major weapons suppliers to Georgia. Wassenaar needs to reassess its priorities; Russia's suggestion is to have a discussion on destabilizing accumulations.

13. (SBU) Further, the May GWG showed that Wassenaar does not operate by consensus, since an attempt to force upon Wassenaar a decision made by "a closed organization" occurred at that meeting - a reference to the May GWG statement by the Czech delegation as chair of the EU, saying EU Member States objected to the current version of the Russian proposal for Best Practices on Re-Export Controls. (Reftel para. 19.) Russia suggested that Wassenaar should reflect on prioritizing issues for the Arrangement; in Russia's view this would be destabilizing accumulations and Re-Export Controls.

#### Ad Hoc Group of Security and Intelligence Experts

14. (C) The Ad Hoc Group had its greatest number of presentations to date, with eight countries providing papers or presentations. Japan introduced two papers focused on the DPRK; one looking at how North Korea was circumventing export controls and the other at actions Japan has taken to address North Korea's WMD development and proliferation in general. Australia briefed on new trends in anti-armor weapon design, noting that these weapons are designed to neutralize a

broader spectrum of targets than armored vehicles. The U.S. updated Participating States on the small arms flow into Yemen, noting that the flow of assault rifles has slowed, but quantity of weapons already available in the black markets makes Yemen a good source of weapons for terrorist groups and other non-state actors. Germany briefed on the dangers laser pointers represent to aircraft; France did a short paper on Iranian exports to Sudan, Syria, and Venezuela in violation of UNSCR 1747; and Spain presented a paper on arms trafficking in Central America and Mexico. The Slovenian delegation gave Participating States a heads up to a theft of light anti-tank weapons from a storage site; they will prepare a paper on this for the next meeting. The UK brought to the attention of the group concerns about an increase in the criminal use of gas alarm pistols, blank firers, and certain types of air guns.

15. (C) Russia noted that the Ad Hoc Group was to focus on terrorism, but many of the papers were outside that scope. In addition, the briefing on the DPRK talked about proliferation activities from 2002, but the first resolution on the DPRK was not until 2006, so it was inappropriate to talk about activities prior to 2006. Russia believes that Participating States should keep more closely to the scope and mandate of the group.

#### Regional Views

16. (C) A number of regional views were presented that ranged around the globe. Russia again focused on arms transfers to Georgia; the UK looked at Chinese arms transfers to Africa and the arms flow in the Horn of Africa; Australia presented

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on Burma; the Netherlands briefed on arms acquisitions in South America. The only comments during the meeting were from the Russian delegation, which objected to Australia using the phrase "proliferation" in relation to conventional weapons; Russia said this was term specific to WMD. Australia responded that proliferation covers programs of concern, including military programs, which was the focus of its paper.

17. (C) Sweden closed out the briefings on regional views by noting that a small amount of anti-tank weapons were found in Colombia. A check of Swedish records showed no arms transfers to Colombia, but there was a transfer to Venezuela. Sweden has sought an answer from Venezuela on how these weapons could have ended up in Colombia. Sweden last approved an export license to Venezuela in 2006; any future requests will be scrutinized carefully and would be influenced by the response received from Venezuela to the query on the anti-tank weapons.

#### Report of the Experts Group (EG)

18. (U) The EG chair briefed on the outcomes of the Experts Group, noting the many recommendations to be sent forward to the Plenary for approval. The Chair reported that the EG was unable to develop a control text for real-time virtual radars. France suggested the GWG might discuss these systems next year from the perspective of possibly educating industry on how this technology could be misused.

#### Specific Information Exchange

19. (SBU) None of the current proposals in this category reached consensus. The proposals are: reporting transfers of ammunition; reporting conventional arms transfers among Participating States; arms denial reporting; lowering the threshold for artillery reporting; and dual-use denial notifications. Sweden noted that work still needs to be done on its proposal for ammunition reporting and said it will be inviting Participating States to Stockholm in early 2010 to discuss the proposal in an effort to speed up work. Russia's proposal for doing intra-Wassenaar reporting (Geographic

Scope of Transparency) has not reached consensus, and has little support. Russia's position is that this proposal would further transparency, because the current reporting system forces it to be more transparent than other Participating States as most of Russia's exports are to non-Participating States. With respect to the arms denial reporting, Russia noted it did not see the utility of such a mechanism, as Participating States chose not to stop arms transfers to Georgia, even though the Russian President had announced an arms embargo on Georgia.

#### Destabilizing Accumulations of Arms

¶10. (U) Russia proposed a questionnaire on national practices with respect to Participating States policies on arms transfers to conflict zones. The questionnaire was not discussed; it is primarily a list of questions taken from the 1998 Wassenaar document on evaluating exports of conventional arms and asks Participating States if they apply the considerations raised by the questions when reviewing proposed exports.

#### Controls, Licensing, and Enforcement

¶11. (U) Under the discussion of Participating States' national policies, France noted two significant changes: one ) it asked that France be removed from the footnote in the Initial Elements saying that the GOF took the Wassenaar munitions list under advisement, because France now applies the whole munitions list; two, France has now established an office that deals solely with licenses and dual-use issues.

¶12. (U) The Danish proposal on Transportation of Conventional Arms to Prevent Destabilizing Accumulations of Arms may be the one proposal put forward to the Plenary for approval. The U.S. has noted it needs to finish its review, but it should be able to respond positively by the Plenary. Germany and France still have issues with Japan's proposal for Best Practices on Internal Compliance Programs, so it is unlikely to be ready for approval at the Plenary.

¶13. (U) Russia's proposal for Best Practices on Re-Export Controls is still under review. The countries that still

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have bilateral issues on foreign licensed production with Russia (Poland, Bulgaria, Romania, Czech Republic, and Slovakia) again agreed on the goals of the proposal, but all noted they would prefer to work from the Polish edited draft, which leaves out any reference to "licensed production." This is a non-starter for Russia.

#### Re-Export Controls ) Side Discussions

¶14. (C) On October 13, ISN/CATR director Ann Ganzer chaired an informal meeting on the margins of the GWG, attended by representatives of Poland, Czech Republic, Hungary, and Romania, to exchange views regarding the 2007 Russian proposal to control the re-export of weapons produced under license. Delegations from former Warsaw Pact member states are wary of the proposal, viewing it as a back-door attempt to press Russian claims to license and control their production of weaponry based on Soviet designs.

¶15. (C) The five countries, apparently joined by the EU at the May GWG, have withheld consensus regarding the proposal titled: Best Practices Guidelines on Subsequent Transfer (Re-export) Controls for Conventional Weapons Systems contained in Appendix 3 to the WA Initial Elements. They object to language in paragraph 5 of the preamble ) "To ensure that subsequent transfer (re-export) to third parties of conventional weapons systems produced under license from another country is consistent with all relevant provisions of the formal government-to-government agreements, end-use assurances and/or export licenses pursuant to which the production technology was transferred." They also object to the proposed guideline, "Participating States agree to apply

these controls to all export activities, related to subsequent transfer (re-export) of conventional weapons systems acquired or manufactured under foreign license production agreements concluded and implemented after the adoption of this document."

¶16. (C) The Polish representative spoke at length regarding the status of Polish-Russian bilateral discussions on the topic. He noted that the issue was primarily a commercial and economic issue that needed to be settled bilaterally and not in a political, multilateral forum like the WA. While Poland acknowledges that its current arms production utilizes Soviet-era designs, the designs had been extensively modified and modernized. In a review of its production, Poland had determined that 16 products still incorporated Soviet design elements. One example was the PT-91 "Twardy" main battle tank, which was developed from the T-72. Poland's assessment is that the PT-91 retains approximately 3.5% of the T-72's original design, and it is willing to pay Russia appropriate compensation for just this 3.5%. (The Polish diplomat agreed with the characterization of such compensation as "royalties" rather than "licensing fees.")

¶17. (C) Poland and Russia are making good progress on the issue, with talks scheduled for December or early 2010 in Moscow. The Polish representative hoped that the two sides would have a positive outcome with agreement on a reasonable level of Polish payments for use of the designs. He was uncertain why Russia continued to insist on pursuing the issue within the WA.

¶18. (C) The Czech representative agreed with the Polish characterization and noted that the Czech Republic and Russia were holding similar discussions within the framework of their Bilateral Commission on Economic s and Trade. He commented that, in his personal view, the issue might not actually have to do with the countries currently negotiating with Russia, that Russia was seeking to use a WA agreement to press its arms partners in Asia.

Licensing and Enforcement Officers Meeting (LEOM)

¶19. (U) The UK had proposed a control text in Wassenaar to cover "used" machine tools, because they had had a case where an exporter said a particular machine tool, when new, met the control criteria, but was now "used" and worn down; therefore its capability was less and it should no longer be controlled. The EG could not agree on a control text, but suggested that this issue could be discussed in the LEOM. The UK would be interested in learning if other Participating States had dealt with similar cases; if so, what actions were taken?

Outreach

¶20. (U) The GWG agreed to recommend to the Plenary that a collective post-Plenary briefing be organized for China, Israel, Belarus, Mexico, Bosnia-Herzegovina, Chile, and

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current applicant countries. In addition, the Plenary Chair will organize one or two bilateral Outreach meetings during 2010 with countries that have expressed an interest. Finally, the Plenary will be authorized to initiate contacts with Brazil, India, and Peru to see if they are interested in the Wassenaar Arrangement.

¶21. (U) The U.S. received some comments from Turkey on the U.S. proposal for a technical briefing on changes to the control list. The U.S. agreed to post the new draft in an effort to reach agreement by the Plenary. However, in discussions on the margin the Russian delegation said it did not see the benefit of this proposal, as many of these countries were briefed bilaterally and it would be difficult to discuss the changes in one meeting. In addition, Russia's position is that Wassenaar should focus on other priorities, such as the ones mentioned in Russia's opening remarks.

Participation (Membership)

¶22. (U) The Chair of Friends of the Chair on Membership (FOC-M) group said the discussions resulted in agreement to establish rapporteurs to review the applicant countries qualifications, having noted that reviewing the laws and regulations is not enough to know whether the country meets the criteria. The proposal is for an initial set of questions to be sent to the applicants and followed-up by a meeting in Vienna led by rapporteurs and any interested WA participating states with the applicant countries. The FOC-M Chair stressed that the rapporteurs' function was not to assess the qualifications of membership applicants, but simply to collect information to provide to the wider WA membership. The U.S, UK, and Norway have volunteered to serve as rapporteurs. With respect to Cyprus, Turkey continues to block Cyprus' application.

#### Head of Secretariat

¶23. (SBU) Canada (the Plenary Chair), with the support of most Participating States, had proposed a procedure for selecting the 2011 Head of Secretariat and extending the current Head of Secretariat for one year. The proposal would have recommended extending the current Head at the December 2009 Plenary and called for nominations by April 2010 for the successor. Almost all participating states spoke in support of the proposal. Russia rejected this recommendation, repeating its position from the May GWG that it wanted Participating States to put forth nominees by the December 2009 Plenary or Russia would not agree to extending the current Head of Secretariat. Consensus was reached on requesting the Plenary Chair continue informal consultations with interested Participating States with a view to actively seeking nominations for candidates for the Head of Secretariat and to report on the results at the December Plenary. This was requested in order to enable the Plenary to take a decision on the formal nomination and selection process of the next Head of Secretariat and on the possible extension of the current Head of Secretariat for one year to June 2011.

¶24. (C) Comment: Russia is getting more intransigent at these meetings and is clearly frustrated that Participating States are not engaging on issues Russia considers its priorities. As a result, Russia appears unwilling to support any initiatives until progress is made on Russian priorities.

DAVIES